

Service Date: September 2, 2005

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF NORTHWESTERN)	UTILITY DIVISION
ENERGY, Annual Application for Approval of)	DOCKET NO. D2005.5.87
Monthly Gas Tracker True-Up, Projected Gas)	ORDER NO. 6685a
Costs, and Gas Transportation Balance)	

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INTERIM ORDER

1. On June 1, 2005, NorthWestern Energy (NWE) filed an application with the Montana Public Service Commission (PSC) for approval of a rate change that: a) reflects rate treatment for the balance in Unreflected Gas Cost, for the 12-Month period ending June 30, 2005; (b) reflects rate treatment for amortization of the Gas Transportation Adjustment Clause (GTAC) Balance as of April 30, 2005; and (c) extinguishes the unit amortizations in the current rate schedules, approved in the interim order from Docket D2004.6.88. On August 23, 2005, NWE revised its application with updated information.

2. NWE purchases wholesale natural gas from producers and passes the cost directly to customers without mark-up. NWE annually estimates how much it will cost to purchase natural gas for the future year and calculates the difference between revenue resulting from the estimated cost and the actual cost for the prior tracker year.

3. NWE projects that the natural gas price starting September 1, 2005, will be \$7.9205 per dkt, compared with the current gas supply rate of \$6.5109 per dkt.

4. NWE states that on March 1, 2005 it implemented an additional current year rate credit of -\$0.8390 per dkt to reduce its deferred account balance through the final four months of its 2004/2005 tracking period. NWE states this was combined with the rate credit of -\$0.2477 per dkt resulting from Interim Order No. 6579, for a total credit of -\$1.0867 per dkt. NWE also states that there is a \$1,295,808 excess credit to customers that accrued during the time between its initial filing and amended filing, which should be applied to offset the over collection in the deferred account balance as of June 30, 2005, which was -\$1,319,161, and the difference,

-\$23,353 as of September 1, 2005, should be amortized over the remainder of the tracking period ending June 30, 2006.

5. NWE requests approval to extinguish the current GTAC Balance Amortization approved on an interim basis in Docket D2004.6.88, and to reflect the GTAC Balance as of April 30, 2005, in rates. The GTAC balance is \$2,263,301, which is the sum of the \$2,079,544 GTAC balance for the period ending April 30, 2005 and the current balance of the amortization approved in the Interim Order from Docket D2004.6.88 of \$183,757, which will be charged to customers over the remaining tracking period ending June 30, 2006.

6. NWE's proposed changes for a typical residential customer using 10 dkt per month will be \$25.41 per month or \$304.92 per year on the total bill. This results in an overall increase of 26.86 percent.

7. The PSC finds NWE's proposed rates and changes to be just and reasonable for interim purposes.

CONCLUSION OF LAW

1. NWE provides natural gas service within the State of Montana and as such is a "public utility" within the meaning of § 69-3-101, MCA.

2. The PSC properly exercises jurisdiction over NWE's rates and operations pursuant to Title 69, Chapter 3, MCA.

3. The PSC may, at its discretion, within the scope of § 69-3-304, MCA, make temporary approvals of requests pending a hearing or final decision

4. The rate levels and spread approved in this Interim Order are a reasonable means of providing interim relief to NWE. The rebate provisions of § 69-3-304, MCA, protect ratepayers until there is a Final Order in this Docket.

ORDER

1. NWE shall adhere to and abide by all provisions in this Interim Order. All rate schedules shall comply with all determinations set forth in this Interim Order.

2. NWE must file tariffs in compliance with this Interim Order.

3. Nothing in this Interim Order precludes the PSC from adopting in its Final Order a revenue requirement different from that contained in this Interim Order.

4. Any interest associated with a refund that might result from the final revenue increase granted in this Interim Order will be computed at the NWE's approved return on equity for this Interim increase.

5. Interim approval of any matters in this proceeding should not be viewed as final endorsement by the PSC of any issues, calculations, or methodologies approved in the Interim Order.

6. This Interim Order is effective for all services rendered on and after September 1, 2005.

DONE IN OPEN SESSION at Helena, Montana, on this 30 day of August, 2005, by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GREG JERGESON, Chairman

BRAD MOLNAR, Vice Chairman

DOUG MOOD, Commissioner

ROBERT H. RANEY, Commissioner

THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Connie Jones
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.